



# UNITED ARAB EMIRATES

## Medical Consumables and Disposables

### Market Research

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Rula Goussous Omeish  
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ID: xxxxxxxxxxxxxxxxxxxxxx

## Summary

The UAE has a developing health care system, and comprehensive health programs are being adopted to meet the needs of the UAE society. Health care infrastructure has kept pace with other health care developments to ensure that adequate services are provided in the Emirates.

For a young country that started off with rudimentary healthcare, the UAE has made significant progress in attaining world-class infrastructure in the health sector. Major public healthcare service providers are the Ministry of Health, The Abu Dhabi Health Authority, the Dubai Health Authority, and the UAE Army Directorate of Medical Services. The private sector is also a major player in healthcare services.

Medical and healthcare facilities in the UAE are expected to increase in the coming decade to accommodate a rapidly growing population which is currently 4.5 million and expected to reach 5.3 million in 2010. It is also expected that in the coming decade the UAE will have more than 10,000 patient beds. Dubai Healthcare City alone comprises of 9 hospitals and 1100 beds and due to be fully operational in 2017.

Similarly, the medical consumables and disposables market in the UAE is expected to rise steadily over the next few years mainly due to investments in new hospitals and clinics to meet the demand of a steadily increasing population. It is projected that the market will continue to expand at an average rate of 6.7% per annum.

## Market Demand

Over the years the UAE, especially the Emirate of Dubai, has developed into a modern cosmopolitan country and gateway to business, tourism and trade in the Middle East region. The UAE has witnessed significant economic growth in the last twenty years, primarily due to its development as a business center. Government policies, aimed at development of a diversified economy, have transformed major cities of the UAE into a fast growing urban region in the Middle East with a large multinational population.

The UAE has a comprehensive government-funded health service and a budding private health sector. In 2007, the health expenditure was approximately US\$ 3.7 billion standing at 1.5 per cent of the GDP, while in the private sector it is 0.4 per cent.

The public healthcare services are run by different authorities: The Health Authority-Abu Dhabi, the Dubai Health Authority, the Ministry of Health and the Armed Forces and Police Medical Services. Each entity has its separate autonomous operation authority and run independent of each other.

The Health Authority-Abu Dhabi (HAAD) was established in 2001 by a royal decree by the ruler of Abu Dhabi with a mandate to manage all the Ministry of Health hospitals and PHCs within the Emirate of Abu Dhabi. The aim of the HAAD is to upgrade and operate all of the Emirate of Abu Dhabi hospitals according to accredited international standards. In 2007 HAAD announced its plan to invest US\$ 400 million in projects to improve healthcare provision in the Emirate of Abu Dhabi. On December 2007 HAAD launched Seha, an independent, public stock company to oversee the operations of eight public

hospital systems totaling 14 facilities, 2472 licensed beds, more than 55 primary health clinics and 14,350 employees in the Emirate of Abu Dhabi. Seha (through HAAD) has an agreement with:

- Johns Hopkins Medical for the management and operations of Tawam Hospital for the next 10 years whereby JHM will employ its medical expertise in the field of health services in the UAE. JHM will also be managing Al Rahba Hospital, a 140 beds hospital 40 km away from the city of Abu Dhabi and Corniche Maternity Hospital, the only maternity hospital in Abu Dhabi.
- Cleveland Clinic to manage Sheikh Khalifa Medical City (SKMC), a network of healthcare facilities in Abu Dhabi consisting of 700 bed Sheikh Khalifa Hospital, a 150-bed Behavior Sciences Pavilion and a 100-bed Abu Dhabi Rehabilitation Center, in addition to more than 12 specialized outpatient clinics and nine primary healthcare centers around the city of Abu Dhabi.
- Bangkok-based Bumrungrad International Limited (BIL) to manage Al Mafraq Hospital, a 460 plus beds hospital.
- University of Vienna for the management of the central hospital in Al-Ain. The hospital has 425 beds and treats 250,000 patients a year.

In June of 2006 a health insurance scheme was implanted based on a presidential decree, making it compulsory for employers and business owners in the Emirate of Abu Dhabi to provide health insurance for their expatriate employees and their families. In May of 2006, the National Health Insurance Company (Daman) in partnership with Munich RE Group, created to provide affordable health insurance schemes to all residents of Abu Dhabi, started operations.

The Ministry of Health (MOH) has federal responsibilities over the healthcare services in the UAE including managing the Northern Emirates healthcare system (the northern Emirates include Ras Al Khaimah, Ajman, Umm al Qaiwain, Shargah and Fujairah). Approximately five percent of the MOH budget is spent on medical machines, tools, and supplies. Currently MOH operates 13 hospitals with 2100 beds and 61 PHCs distributed throughout the Northern Emirates. MOH has started the construction of a 500-bed referral hospital, which will service the population of the Northern Emirates. The MOH also announced that it will be implementing a mandatory health insurance scheme for the Northern Emirates as part of a proposed federal insurance law.

Dubai Department of Healthcare and Medical Services (DOHMS) was established in 1972 by the Ruler of Dubai to provide healthcare services in the Emirate of Dubai. DOHMS manages four hospitals, with 1504 beds and 20 PHCs & peripheral clinics distributed throughout the Emirate of Dubai. On June 2007 the Dubai Health Authority (DHA) was created following a Royal Decree mandating better healthcare services and facilities within the Emirate of Dubai to the benefit of all UAE nationals, residents and visitors. DHA implementation will be undertaken in phases and will take around four years to complete. In the meantime the DOHMS will continue to provide medical services. The DHA transition team is working closely with the Health Insurance Committee on future financing arrangements for a national health insurance scheme for the emirate of Dubai.

The private sector is also developing steadily to become an important partner in providing comprehensive healthcare to the people in the UAE. Currently, there are more than 25 privately owned hospitals with 1000 plus beds and several more are coming up. The American Hospital, New Medical Centre, Al Zahra Hospital, Welcare Hospital, Belhoul Apollo Hospital, Zulekha Hospital, Emirates Hospital, Al Noor Hospital, and others are some of the established private hospitals. Apart from the large private hospitals, patients also have the option to visit private polyclinics that house several specialties under one roof. Gulf Diagnostic Center and Dubai London Clinic are leading private polyclinic with about 50,000 registered patients. Moreover, there are 1019 privately owned clinics, covering all specialties.

Recent developments indicate that the private sector is likely to expand and play a bigger role in the healthcare industry, particularly because of the new health insurance schemes and the aim of the UAE government now to treat highly complex operations within the country, rather than sending patients abroad for treatment.

Major players in the private healthcare sector are the Mubadala Healthcare, a division of Mubadala Development Company, Emaar Healthcare Group, a division of Emaar Properties and Dubai Healthcare City.

Mubadala Healthcare projects include the Cleveland Clinic Abu Dhabi, a 360 bed hospital scheduled to be operational in 2011 as an extension of the Cleveland Clinic model, providing a full range of specialty services catering to the healthcare needs of Abu Dhabi and the region, the Imperial College Diabetes Center, the Abu Dhabi Knee and Sports Medicine Center, a spine center by Woorduij Spine Hospital, a National Reference Laboratory by Laboratory Corporation of America Holdings (LabCorp) and many others in the pipeline.

Emaar Healthcare Group (EHG) plans to develop and manage over 100 hospitals, clinics and medical centers in the Middle East and North Africa (MENA) region, the Indian Subcontinent and South East Asia in the next ten years. EHG has signed an MOU with Methodist International, a subsidiary of The Methodist Hospital from Texas Medical Center, has signed an agreement with Emaar Healthcare Group to build, operate and manage Emaar's health care centers starting with The Burj Dubai Medical Centre, an outpatient facility providing a range of specialties, located in downtown Burj Dubai. Other projects include a specialized medical facility for women and children, in cooperation with Amanah Capital, the Dubai-based asset Management Company, to be developed on 300,000 sq ft of land in a prime location in the heart of the capital city, and a Diabetes Care Centre in Dubai by Joslin Diabetes Center capable of treating inpatients and outpatients.

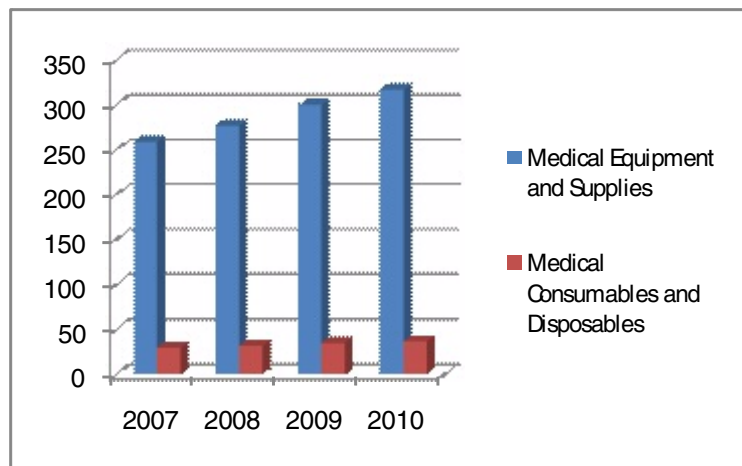
The Dubai Healthcare City (DHC) launched in late 2002 is a global healthcare center consisting of 1) The University Medical Complex which will include a University Hospital, a Medical School, a Nursing School, and a Life Sciences Research Center; 2) The Medical Cluster which includes day clinics, a specialized diagnostic laboratory, and a rehabilitation center; and 3) The Wellness Cluster which includes, check up clinics and sports medicine. Phase I of the project has been completed and sold out. Ninety per cent of the planning for phase II, which is four times more than phase I, is completed and investment opportunities are put on offer. Total investments in phase I and phase II has been projected at US\$ 2.9 billion.

## Market Data

In 2007 the total UAE medical equipment and supplies market was estimated at US\$ 259 million of which US\$ 30 million was spent on consumable and disposable supplies. The market is expected to reach US\$ 315 million in 2010 of which US\$ 35 million is to be spent on consumable and disposable supplies.

It is expected that the market will continue to expand at an average rate of 6.7% per annum due to huge domestic demand, increased privatization, increasing population as well as high standards of living.

Moreover, the medical supplies industry in the UAE, as other industries, benefits from the re-export markets to neighboring countries.



Domestic production is also expected to grow due to government incentives and duty free privileges. American Laboratories in collaboration with the UAE Offsets program will build US\$ 13 million facility to make IV medical devices, IV solutions, also supply IV solution bags, bottles, ampoules, and install a water filtration system.

## Key Suppliers

Local production of disposables and consumables in the UAE is insignificant as there only one medical supplies manufacturer. It manufactures an FDA approved medical disposables syringes which are sold locally as well as being exported.

The import market is very competitive with both the US and Germany being leading suppliers in 2007, followed by other European countries and China. The US was the leading suppliers of medical adhesive dressings, dental cements and other fillings, first-aid boxes and surgical sterilizers. Germany was leading the market for contact lenses and accessories for x-ray equipment. The Netherlands was the second EU supplier after Germany, providing needles, catheters and cannulae. The UK was a leading supplier of sutures, sterile surgical supplies, and blood grouping reagents. France was the main supplier of medical x-ray films, both flat and rolled. China led the market in non-adhesive medical dressings. Oman was leading supplier of surgical gloves.

## Prospective Buyers

The UAE government is in the process of privatizing most of its public services or operating in a public/private partnership. Prospective buyers, therefore, are the different government medical departments, private local entities and international investors in the sector.

The total area of the UAE is about 82,880 sqm, with a population of about 4.5 million (as at 2007) of which approximately 85% are expatriates. The annual population increases currently amounts to 3 - 4 percent recording the highest growth rate in the Arab world. The UAE's elderly population (65+), on the other hand, is growing at a rate of 10.3 percent annually, recording the highest rate in the world. Approximately 66 percent of the residents of the UAE are living in urban areas and 34 percent in rural areas.

A breakdown of the population structure published in the Central Bank's 2002 report showed that men outnumber women by 2 to 1. This imbalance occurs because most of the foreign laborers who work in the UAE are on single status. Moreover, population appeared to be dominated by the youth to medium age, with those aging between 15 and 40 years amounting to 53 per cent of the total population. The rapid growth in the UAE population is attributed to high fertility rate among nationals, who are encouraged by the government to have more children so they will not remain a minority in their own country, and lower death rates and longer life expectancy due to improved health services. Another factor is that more foreigners are coming in than leaving the UAE because of growing business and job opportunities.

## Market Entry

The UAE seven semi-autonomous Emirates, enjoys a free trade market system. A general duty of 5 percent applies to imports (with few exceptions). There are no restrictions on foreign exchange and money transfer operations. U.S. dollars are traded at a rate of one US dollar equals 3.673 Dirhams.

The UAE does not have its own system of medical regulations. Products with US, EU or Japanese approval should experience very little to no difficulty in gaining access to the market. Compliance with international standards is also recommended, although not mandatory at present.

Government buyers are either federal or emirate governments. Federal purchases are administered through the respective local authority in Abu Dhabi or Dubai. For most purchases, especially for medical consumables and disposables, government entities will usually only deal with firms registered in the UAE, or the particular emirate, and will favor local products over imports. Only when goods or services of acceptable quality are not available locally will the procurement authority seek outside sources, especially for services that include high technology. It is common for bids not to go out on a public tender, but are sent to select firms that were pre-qualified with the organization in question.

The UAE law stipulates that international companies who wish to sell to the government or bid on government tenders are required to assign a local agent. A local agent can be assigned for one emirate or more. Depending on the nature of the items, the agent will be responsible to pre-qualify the company at the Municipalities and other related government departments, as a pre-requisite to be invited to bid. For this purpose, the agent submits to those authorities a complete file on the foreign company's products standards and specifications along with all granted international accreditation. US companies should register their agency agreements at the UAE Ministry of Economy as well as at the Federation of UAE Chambers of Commerce and Industry. We advise US companies to carefully select their agents in the UAE and seek local legal counsel to ensure that a binding termination clause is included in the agreement as otherwise once an agency agreement is signed it will be up to the local agent to release the foreign company from that agreement should any dispute arise. US companies who wish to locate an agent, distributor, or enter into a joint venture with a UAE company, are advised to contact the Commercial Service for assistance.

Some tenders may impose language related to the Arab League Boycott of Israel. The US Anti-Boycott Law prohibits compliance to such requirements. US companies faced with such conditions are encouraged to contact the Commercial Service Office at the US Embassy in Abu Dhabi to get the proper guidance on this matter.

Irrevocable Letters of Credit (L/C's) are most commonly used in the UAE to settle payments by the private and public sectors. In some cases, where a public procurement is involved, it is usual to have extended payment terms of 180 days.

The UAE is a member of the WTO and a signatory to the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Service (GATS), and the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). The UAE and US Government are currently negotiating a Free Trade Agreement. An FTA is expected to further open up the UAE to U.S. foreign direct investment.

## Trade Events

### Arab Health Exhibition & Conference

Dates:	26 to 29 January 2009	
Venue:	Dubai International Exhibition Center, Dubai	
Website:	<a href="http://www.arabhealthonline.com">http://www.arabhealthonline.com</a>	Main Show Organizer:
Organizer	Kallman Worldwide, Inc.	IIR Exhibitions
US Pavilion:	4 North Street, Ste. 800	P.O. Box 28943, Dubai, UAE
	Waldwick, NJ 07463, USA	Contact: Vicky Lee, Exhibition Sales
	Contact: Christa March, Show Manager	Manager
	Tel: +201-251-2604 direct line	Tel: +971-4-336-5161 ext. 115
	Fax: +201-251-2760	Fax: +971-4-336-4006 and 336 0137
	E-mail: <a href="mailto:christam@kallman.com">christam@kallman.com</a>	

**UAE International Dental Conference and Arab Dental Exhibition**

Date: 10 to 12 March 2009  
Venue: Dubai International Exhibition Center, Dubai, UAE  
Website: <http://www.aeedc.ae>  
Organizer: INDEX Conferences & Exhibitions Org.  
P.O. Box 13636, Dubai, UAE  
Tel: +971 4 3624717

**International Medical Care and Diagnostic Conference and Exhibition - IMD Dubai**

Date: 7 to 9 April 2009  
Venue: Dubai International Convention and Exhibition Centre, Dubai, UAE  
Website: <http://www.imd.ae>  
Organizer: INDEX Conferences & Exhibitions Org.  
P.O. Box 13535, Dubai, UAE  
Tel: +971 4 3624717

**Abu Dhabi Medical Congress 2009**

Date: 18 to 20 October 2009  
Venue: Abu Dhabi International Exhibition Centre (Adiec), Abu Dhabi  
Website: <http://www.abudhabimed.com>  
Organizer: IIR Exhibitions  
P.O. Box 21743, Dubai, UAE  
Contact: Tom Coleman, Exhibition Manager  
Tel: +971 4 407 2508  
Fax: +971 4 336 4021

**Lab Middle East**

Date: 10 to 12 November 2009  
Venue: Abu Dhabi International Exhibition Centre (Adiec), Abu Dhabi  
Website: <http://www.labmiddleeast.com/>  
Organizer: IIR Exhibitions  
P.O. Box 21743, Dubai, UAE  
Tel: +971 4 335 2437  
Fax: +971 4 335 2438

**Key Contacts**

Rula Omeish  
Commercial Specialist  
US Commercial Service  
US Embassy  
P.O. Box 4009, Abu Dhabi  
E-mail at: [rula.Omeish@mail.doc.gov](mailto:rula.Omeish@mail.doc.gov)  
Tel: +971-2-4142217  
Fax +971-2-4142228

Ministry of Health  
P.O. Box 848, Abu Dhabi  
Tel: +971-2-6330000  
Fax: +971-2-6215422

Website: [www. www.moh.gov.ae](http://www.moh.gov.ae)

Ministry of Health (Dubai)  
P.O. Box 1853, Dubai  
Tel: +971-4-3966000  
Fax: +971-4-3965666

UAE Armed Forces  
General Headquarters of the Army (GHQ)  
P.O. Box 2501, Abu Dhabi  
Tel: +971-2-4448100  
Fax: +971-2-4449414

Zayed Military Hospital  
P.O. Box 3740, Abu Dhabi  
Tel: +971-2-4448100  
Fax: +971-2-4449414

Abu Dhabi Health Authority  
P.O. Box 5674, Abu Dhabi  
Tel: +971-2-4493333  
Fax: +971-2-4493361

Dubai Health Authority  
P.O. Box 4545, Dubai  
Tel: 971-4-3370031  
Fax: 971-4-2197555  
Website: [www.dohms.gov.ae](http://www.dohms.gov.ae)

## For More Information

The U.S. Commercial Service in Abu Dhabi, UAE can be contacted via

E-mail at: [Rula.Omeish@mail.doc.gov](mailto:Rula.Omeish@mail.doc.gov)  
Tel: +971-2-4142217  
Fax +971-2-4142228

or visit our website: [www.buyusa.gov/your\\_office](http://www.buyusa.gov/your_office).

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